Historic, Archive Document

Do not assume content reflects current
scientific knowledge, policies, or practices.

A280.3449
C39
RESERVE

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
Volume 9 October 1964 Number 3

Released Pursuant to §1090.27(j) and §1090.85, USDA-AMS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY OCTOBER 1964

The MINIMUM uniform producer price is $4.71 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.8 cents for each one-tenth of one percent above or below 3.5%.

During Oct., 92.8% of the total producer milk was priced in Class I at $4.87 per cwt. with a butterfat differential of 8.0 cents and 7.2% in Class II at $3.23 per cwt. with a butterfat differential of 7.0 cents. The daily average use of Class I milk decreased 1.5% compared with Sept. 1964 and increased 13.6% compared with Oct. 1963.

Daily average delivery of milk from producers was 579,109 pounds in Oct. 1964, a decrease of 39,661 pounds per day compared with Sept. 1964 and an increase of 47,624 pounds compared with Oct. 1963. Percentage-wise, Oct. deliveries decreased 6.4% compared with Sept. 1964 and increased 9.0% compared with Oct. 1963.
MILK SAMPLES TESTED - Producer Fresh Samples 5,524 - Handler Finished Products 229.

FEDERAL MILK ORDER - "HANDLER"

In the orders, a "handler" is defined in some detail. The definition commonly covers individuals, partnerships or corporations. In general, a handler is a person who buys milk from farmers which is delivered to a pool plant for sale in fluid products. The term handler applies to proprietary handlers and also includes co-operative associations of producers where such associations handle the milk for their members.

U.S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY
NOV 30 1964
CURRENT SERIAL RECORDS

If all handlers did business in the same way and if the marketing area boundary could be drawn at the exact point where sales routes end, the definition of a handler and the application of order regulation would be relatively simple. All handlers would be completely regulated and pay at least the minimum established prices for milk bought from farmers.

The handling of milk for fluid markets, however, does not fit one mold, and the regulation, if it is not to stifle normal economic development, must recognize the characteristics of the industry. With the large interchange of milk between markets, it has become increasingly important to develop a plan of partial regulation for handlers who do only a small part of their business in a particular marketing area. The handlers now are defined as either (1) fully regulated; (2) partially regulated; or (3) producer-handler. These handlers are usually defined in terms of the volume or percentage of their receipts disposed of in the area as Class I milk.

Handlers who make a substantial proportion of their fluid sales in the defined marketing area are fully regulated. Partially regulated handlers are those with only small fluid disposition in the regulated sales area. Usually, their principal business is the production and sale of manufactured products, or fluid sales in un-regulated areas. Producer-handlers may be small operators who receive no milk from other dairy farmers or from non-pool plants.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Oct.'64 Over Oct.'63	Oct. 1964	Sept. 1964	Oct. 1963
Number of Plants (Pool and Non-Pool)		13	13	14
GROSS RECEIPTS POUNDS (DAILY AVERAGE)				
Total Producer Milk	+ 9.0	579,109	618,770	531,485
Other Source	+ 31.5	22,176	18,983	16,867
Other Order	+ 20.7	11,079	16,441	9,180
Total Milk Receipts	+ 9.8	612,364	654,194	557,532
GROSS UTILIZATION POUNDS (DAILY AVERAGE)				
Class I Uses:				
Fluid Milk	+ 9.3	429,519	409,971	393,068
Fluid Skim	+ 10.5	24,340	23,238	22,024
Buttermilk	- 1.1	45,175	43,913	45,673
Flavored Milk and Drink	+ 2.2	13,553	14,311	13,266
Fluid Cream (Sweet and Sour)	+ 0.6	2,704	2,591	2,688
Other (Shrinkage, Inventory, etc.)		(761)	2,901	390
Transfers to Non-Pool Plants		28,259	54,154	633
Total Class I Milk	+ 13.6	542,789	551,079	477,742
Class II Uses:				
Ice Cream Mixes	+ 17.6	33,925	43,508	28,839
Cottage Cheese	+ 1.5	19,913	21,810	19,626
Powdered and Condensed Milk	- 38.6	5,265	18,818	8,570
Livestock Feed & Skim Dumped	+ 34.4	5,207	5,170	3,874
Shrinkage Class II		5,998	9,859	9,006
Other (Butter, Inventory, etc.)		(8,962)	(2,458)	1,200
Transfers to Non-Pool Plants		8,229	6,408	8,675
Total Class II Milk	- 12.8	69,575	103,115	79,790
Total Class I Pounds in Area	+ 6.5	311,008	299,708	292,127
Total Class I Pounds Outside Area	+ 24.9	231,781	251,371	185,615
Gross Class I Butterfat Pounds	+ 15.4	19,645	19,932	17,025
Gross Class II Butterfat Pounds	- 6.6	5,330	5,422	5,706
Total Butterfat Pounds	+ 9.9	24,975	25,354	22,731
% Producer Milk of Gross Class I		106.7	112.3	111.2
% Producer Milk priced in Class I		92.8	88.3	88.7

NOVEMBER 1964 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Nov.'64	Oct.'64	Nov.'63
Basic Formula	$3.27	$3.24	$3.15
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.08	(0.12)	(0.02)
Class I Price, 3.5% Butterfat	$5.10	$4.87	$4.88

Per § 1090.51(a)

Supply-Demand Comparison: 1st and 2nd preceding months: September and October	
Supply: Lbs. Producer Milk (Sept. 18,563,104 and Oct. 17,952,365)	36,515,469
Demand: Lbs. Net Class I Milk (Sept. 16,426,930 and Oct. 16,753,830)	33,180,760
Utilization Percentage: Producer milk divided by Class I	110
Standard Utilization Percentage: Range 114-118	114
Net Deviation Percentage: Utilization minus Standard Utilization	minus 4
Supply-Demand Adjustment: 2 cents x 4 percentage points	plus $0.08

Since the supply in relation to the demand is less than the desired standard, the price is increased 8 cents per hundredweight (2 cents x 4 percentage points).

COMPUTATION OF PRODUCER UNIFORM PRICE TO BE USED FOR PAYMENT OF PRODUCER MILK AND OTHER SOURCE RECEIPTS PRORATED TO CLASS I

OCTOBER 1964	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Value
Gross Class I		16,826,454	3.619		
Less Other Source		168,501	2.168		
Producer Milk Class I	92.8	16,657,953	3.633940	$4.977152	$829,091.64
Gross Class II		2,156,818	7.660		
Less Other Source		862,406	1.169		
Producer Milk Class II	7.2	1,294,412	11.985597	9.169918	118,696.52
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	17,952,365	4.236116		947,788.16
Add Value of Overage					141.47
Add Value of Inventory Reclassified					645.88
Add Value of Other Source Receipts Prorated to Class I and Location Adj.		46,002	2.108604	3.756883	1,728.24
Add ½ Producer-Settlement Fund Reserve					8,745.23
TOTAL VALUE AT TEST		17,998,367	4.230678	5.328533	959,048.98
Less Test over 3.5% @ 7.8¢ per point		17,998,367	.730678	0.569929	102,577.91
TOTAL VALUE AT 3.5%		17,998,367	3.5	4.758604	856,471.07
Less Producer-Settlement Fund Reserve		17,998,367		.048604	8,747.93
PRODUCER UNIFORM PRICE f.o.b. POOL PLANTS		17,998,367	3.5	$4.71	$847,723.14

OCTOBER 1964 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone) BUTTERFAT DIFFERENTIAL 7.8¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	$4.32	3.6	$4.788	4.2	$5.256	4.8	$5.724	5.4	$6.192
3.05	4.359	3.65	4.827	4.25	5.295	4.85	5.763	5.45	6.231
3.1	4.398	3.7	4.866	4.3	5.334	4.9	5.802	5.5	6.27
3.15	4.437	3.75	4.905	4.35	5.373	4.95	5.841	5.55	6.309
3.2	4.476	3.8	4.944	4.4	5.412	5.0	5.88	5.6	6.348
3.25	4.515	3.85	4.983	4.45	5.451	5.05	5.919	5.65	6.387
3.3	4.554	3.9	5.022	4.5	5.49	5.1	5.958	5.7	6.426
3.35	4.593	3.95	5.061	4.55	5.529	5.15	5.997	5.75	6.465
3.4	4.632	4.0	5.10	4.6	5.568	5.2	6.036	5.8	6.504
3.45	4.671	4.05	5.139	4.65	5.607	5.25	6.075	5.85	6.543
3.5	4.71	4.1	5.178	4.7	5.646	5.3	6.114	5.9	6.582
3.55	4.749	4.15	5.217	4.75	5.685	5.35	6.153	5.95	6.621

OCTOBER 1964 TOTAL CLASS I UNIT SALES BY 8 POOL AND 5 NON-POOL PLANTS 1/

	GALS.	½ GALS.	QUARTS	PINTS	½ PINTS	PRODUCT LBS.	%-TOTAL
Homo & Std. Milk	503,749 3/	1,379,878	386,677	539,053	3,048,437	13,315,089	83.35
Special Skim	25,065	7,052				247,312	1.55
Regular Skim		75,465	81,859		7,076	507,233	3.18
Buttermilk	To ½ Gal.2/	224,079	179,974	32,973	26,996	1,400,440	8.77
Flavored Drink			5,158	16,850	16,743	36,293	.23
Flavored Milk	To ½ Gal.2/	9,113	53,474	162,986	136,399	383,845	2.40
Half & Half Cream			3,493	37,679		47,456	.30
Coffee Cream (X)			2,108		1,231	5,050	.03
Whip Cream (XX)	To Qts.2/		1,293		21,575	13,802	.09
Sour Cream	473				25,785	17,527	.10
					Total Pounds	15,974,047	100.00

1/ Includes all unit sales by pool plants and "In Area" sales by non-pool plants.
2/ Restricted: distributed by less than three handlers.
3/ Includes gallon and multi-gallon containers.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES 1/ Per Hundredweight				HANDLER CLASS PRICES 1/			
					Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Oct.'63	$4.42	-	-	7.6¢	$4.63	7.8¢	$3.15	6.7¢
Nov.	4.69	-	-	7.4	4.88	7.6	3.13	6.7
Dec.	4.62	-	-	7.4	4.97	7.6	3.12	6.7
Jan.'64	4.77	-	-	7.2	4.97	7.5	3.12	6.7
Feb.	4.78	-	-	7.4	4.98	7.5	2.82	6.7
Mar.	4.77 2/	$4.92	$2.71	7.4	5.07	7.5	2.75	6.7
Apr.	4.72 2/	4.97	2.65	7.4	5.08	7.5	2.69	6.7
May	4.63 2/	4.89	2.62	7.2	5.07	7.5	2.66	6.7
June	4.78 2/	5.00	2.62	7.4	5.19	7.5	2.66	6.7
July	4.72 2/	4.99	2.62	7.4	5.16	7.5	2.66	6.7
Aug.	4.51	-	-	7.2	5.05	7.5	2.66	6.8
Sept.	4.60	-	-	7.6	4.80	7.7	3.26	7.1
Oct.	4.71	-	-	7.8	4.87	8.0	3.23	7.0
Nov.	-	-	-	-	5.10	7.9	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS $-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn. Milk Mfg. $-cwt-4%	Chi.92° Butter ¢ Lb.	Chi.Area Powders ¢ Lb.	Minn.-Wisc. Mfg.Grade Milk $-cwt-3.5%
Oct.'63	2.73	3.15	3.070	58.48	14.18	3.15
Nov.	2.80	3.13	3.138	58.09	14.26	3.16
Dec.	2.82	3.12	3.150	58.01	14.28	3.16
Jan.'64	2.82	3.12	3.150	57.97	14.30	3.17
Feb.	2.82	3.12	3.150	57.97	14.24	3.16
Mar.	2.75	3.12	3.081	57.97	14.25	3.15
Apr.	2.69	3.12	3.025	57.97	14.19	3.12
May	2.66	3.12	3.000	57.97	14.22	3.12
June	2.66	3.12	3.000	57.97	14.24	3.11
July	2.66	3.12	3.000	58.00	14.23	3.12
Aug.	2.66	3.19	3.000	59.51	14.30	3.15
Sept.	2.72	3.26	3.075	61.32	14.30	3.24
Oct.	2.77	3.23	3.119	60.47	14.29	3.27

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per Farm----Pounds			Prod. Milk Test
	No. Hdlrs.	Total Receipt	Class I Use	Class I Use	Total Delivery	Base Delivery	No. Prod.	Prod.	Base	Exc.	
Oct.'63	14	557,532	477,742	471,501	531,485	-	689	771	-	-	4.20
Nov.	14	541,180	477,170	472,150	517,143	-	684	756	-	-	4.29
Dec.	14	556,009	444,169	438,447	519,287	-	683	760	-	-	4.42
Jan.'64	13	568,237	487,184	482,468	532,316	-	683	779	-	-	4.32
Feb.	13	575,767	497,493	491,469	533,555	-	683	781	-	-	4.24
Mar.	13	578,062	476,604	472,818	533,163	498,683	678	786	736	50	4.15
Apr.	13	611,874	485,721	481,865	556,173	499,659	658	845	759	86	4.05
May	13	624,657	467,902	464,241	558,588	497,049	654	854	760	94	3.95
June	13	584,658	452,652	449,792	530,133	482,237	655	809	736	73	3.91
July	13	575,475	450,675	446,512	536,759	476,599	655	819	728	91	3.91
Aug.	13	635,322	466,287	461,263	591,226	-	685	863	-	-	3.94
Sept.	13	654,194	551,079	546,113	618,770	-	683	906	-	-	3.99
Oct.	13	612,364	542,789	537,353	579,109	-	682	849	-	-	4.24

1/ Excludes Premiums
2/ For Statistics
3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I